

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:801

ANSWERED ON:04.03.2005

SICK CO OPERATIVE BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) the total number of cooperative banks in the country as on date;
- (b) the number of banks which have become sick;
- (c) the amount of loss likely to be incurred due to sickness of the these banks;
- (d) the number of cooperative banks failed to return the investor deposits;
- (e) the scheme of the Government for revival of such banks;
- (f) whether insurance companies have paid money to the cooperative banks; and (g) if so, the details thereof and the steps taken by the Government to safeguard the interest of small investors and revival of cooperative banks ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRIS.S.PALANIMANICKAM)

(a): There were 30 State Co-operative Banks(SCBs) and 366 District Central Co-operative Banks(DCCBs) in the country as on 31.12.2004. The number of Urban Co-operative Banks (UCBs) were 2105 as on 30.09.2004.

(b) and (c): As on 31st December, 2004, 6 SCBs and 140 DCCBs were not complying with the minimum capital requirement as required under Section 11(1) of the Banking Regulation Act 1949 (As applicable to Co-operative Societies). The accumulated losses of 6 SCBs and 140 DCCBs are Rs. 169 crore and Rs. 3748 crore respectively. With regard to UCBs, 220 UCBs are under liquidation and the accumulated losses incurred by the 55 Scheduled UCBs is 2320 crore as per their balance sheet for the year 2003-04.

(d) to (g): In case of failed banks, payment of deposits upto Rs. 1 lakh is insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC). No other company/organization provides insurance to depositors. A total of Rs.1 151.02 crore in respect of claims made by 107 Co-operative Banks have been settled by DICGC. Deposits over and above Rs. 1.00 lakh are repaid as and when the assets of the liquidated banks are realized, depending upon the right of subrogation exercised by DICGC. Claims made by the defaulting banks with DICGC are settled as per the stipulated norms prescribed by the DICGC. The recommendations of the Task Force to examine reforms in co-operative banking system have been accepted by the Government in principle for implementation.